

Message Text

CONFIDENTIAL

PAGE 01 BONN 16493 211115Z

42

ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 NEA-06 SP-02 L-01 INR-05 CIAE-00

EB-03 PM-03 RSC-01 /044 W

----- 059850

R 211104Z OCT 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5759

INFO AMEMBASSY LONDON

AMEMBASSY DUBLIN

AMEMBASSY PARIS

AMEMBASSY COPENHAGEN

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY TEHRAN

C O N F I D E N T I A L BONN 16493

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, ETRD, GW, IR, EEC

SUBJECT: GERMAN-IRANIAN REFINERY PROJECT

REF: A. BONN 14737 (NOTAL); B. BONN 24734; C. EC
BRUSSELS 8091; D. EC BRUSSELS 7836; E.STATE 18673

1. OUR CONVERSATIONS WITH GERMAN GOVERNMENT OFFICIALS
OVER THE PAST SEVERAL WEEKS REVEAL NO DIMINUTION
IN FRG DETERMINATION TO SEEK THE ELIMINATION OF EEC
TARIFF BARRIERS ON THE IMPORTATION OF PETROLEUM
PRODUCTS FROM IRAN. THE ELIMINATION OF THESE TARIFFS
IS A MAJOR ELEMENT IN THE NEGOTIATIONS FOR THE
CONSTRUCTION OF A 25 MILLION TON PETROLEUM REFINERY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 16493 211115Z

BY GERMAN FIRMS IN IRAN AND ECONOMICS MINISTER

FRIDERICH'S IS STRONGLY COMMITTED TO THE SUCCESS OF THESE NEGOTIATIONS. CONTRARY TO THE INFORMATION PROVIDED IN REFTELS C AND D, OUR SOURCES STATE THAT TARIFFS RANGING FROM 3.5 TO 7 PERCENT ARE CURRENTLY IN EFFECT FOR PETROLEUM PRODUCTS ENTERING THE COMMUNITY FROM IRAN. ALTHOUGH CONSIDERATION IS BEING GIVEN TO INCLUDING PETROLEUM PRODUCTS IN THE COMMUNITY'S GSP ARRANGEMENT, OUR SOURCES STATE THAT SUCH A STEP WOULD NOT SATISFY THE IRANIANS' DEMAND FOR GUARANTEED ACCESS OF THE PRODUCTS OF THE REFINERY TO THE GERMAN MARKET.

2. ALTHOUGH THE FRG IS PURSUING THIS TARIFF QUESTION WITHIN THE EC AT THE SAME TIME THE COMMUNITY IS REVIEWING ITS RELATIONSHIP WITH IRAN, A CONTACT IN THE FOREIGN MINISTRY STATED THAT THESE ARE TWO SEPARATE AREAS OF CONCERN. WITH REGARD TO THE LATTER CONCERN, HE NOTED THAT THE DANES ARE THE MOST ACTIVE IN SEEKING CLOSER EC/IRANIAN TIES ALTHOUGH HE DID NOT DENY FRG INTENT IN CLOSER TIES AS WELL. HE STATED FURTHER THAT THE FRG IS INSISTING THAT ANY COMMISSION SUGGESTIONS FOR A NEW EC/IRANIAN AGREEMENT MUST FALL WITHIN THE FRAMEWORK OF THE COUNCIL DECISIONS OVER THE PAST TWO OR THREE YEARS, WHICH EXCLUDED IRAN FROM CONSIDERATION AS A MEDITERRANEAN COUNTRY.

3. NEGOTIATIONS ON THE REFINERY BETWEEN THE GERMAN FIRMS INVOLVED AND THE GOI HAVE BEEN PUT OFF UNTIL JANUARY AT THE EARLIEST. NEGOTIATIONS OVER THE PRICE OF THE CRUDE OIL TO BE DELIVERED TO THE REFINERY ARE AT A STANDSTILL AND THE GOI APPARENTLY WANTS TO WAIT FOR THE NEXT OPEC PRICE DECISION BEFORE NEGOTIATING FURTHER ON THE PRICE FORMULA. IN ADDITION, THERE IS NO AGREEMENT ON HOW THE REFINERY'S PROFITS ARE TO BE CALCULATED FOR TAX PURPOSES (SEE REF A).

4. IN OUR CONVERSATIONS ON THIS SUBJECT, THE EMBASSY HAS DRAWN ON REF E AND PREVIOUS TO STRESS THE USG'S OPPOSITION TO THE LOWERING OF TARIFFS ON PETROLEUM PRODUCTS FROM OIL PRODUCING COUNTRIES. WE WILL
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 16493 211115Z

CONTINUE TO IMPRESS UPON OUR CONTACTS THE SERIOUSNESS WITH WHICH WE VIEW THESE PROPOSED TARIFF REDUCTIONS.
HILLENBRAND

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, NATURAL GAS, INDUSTRIAL DEVELOPMENT, NEGOTIATIONS, REFINERIES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 OCT 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BONN16493
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740299-0383
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741032/aaaabaqi.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: A. BONN 14737 (NOTAL); B. BONN 24734, ; C. EC
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by boyleja>; APPROVED <06-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GERMAN-IRANIAN REFINERY PROJECT
TAGS: ENRG, ETRD, GE, IR, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005